Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Text

CONFIDENTIAL

PAGE 01 OECD P 15807 01 OF 02 181944Z

66
ACTION EB-07

INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 TRSE-00 EUR-12

ERDA-05 ISO-00 MC-02 PA-01 PRS-01 USIA-06 SS-15 NSC-05

ACDA-05 (ISO) W
---------- 094331
R 181923Z JUN 75
FM USMISSION OECD PARIS
TO SECSTATE WASH DC 7589
INFO AMEMBASSY BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 15807

EXCON

E.O. 11652 XGDS1
TAGS: ESTC, COCOM, BE, RO, EEWT, ETRO
SUBJECT: BELGIAN N/C JIG BORING AND MILLING MACHINE TO
ROMANIA - IL 1091

REFS: A. COCOM DOC. (75) 797
B. OECD PARIS 15144

SUMMARY. ON INSTRUCTIONS, BELGIAN DEL
WITHDREW THIS CASE ON JUNE 17 AND ANNOUNCED HIS AUTHORITIES WOULD LICENSE IT WITHOUT COCOM APPROVAL. IN STATEMENT STRONGLY CRITICAL OF US, HE CITED RISK OF ECONOMIC, SOCIAL, AND POLITICAL DAMAGE IN SENSE OF PARAGRAPH (1)(D) OF GENERAL EXCEPTIONS PROCEDURE IN SUPPORT OF THIS ACTION. OTHER DELS EXPRESSED SYMPATHY FOR BELGIAN ACTION AND RESERVED RIGHT TO COMMENT FURTHER. LONG PROCEDURAL DEBATE ENSUED ON PARAGRAPH (1)(D), SEVERAL DELS FAVORING GENERAL DISCUSSION AT A FUTURE MEETING. ACTION REQUESTED: (A) EXPLANATION OF US INACTION AND COMMENT ON BELGIAN ACTION; (B) VIEWS ON FUTURE DISCUSSION OF PARAGRAPH (1)(D). END SUMMARY.

1. THIS CASE GENERATED A DEBATE LASTING NEARLY 2 HOURS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OECD P 15807 01 OF 02 181944Z

AT COMMITTEE'S MEETING JUNE 17, FOR WHICH IT HAD BEEN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

RESCHEDULED. WHEN USDEL, STILL WITHOUT INSTRUCTIONS (THE ONLY MEMBER NOT TO HAVE APPROVED) AGAIN REQUESTED TIME EXTENSION, BELGIAN DEL ON INSTRUCTIONS LAUNCHED INTO A STATEMENT BITTERLY CRITICAL OF US FAILURE TO STATE A POSITION OR PUT QUESTIONS AFTER CASE HAD BEEN BEFORE COMMITTEE SIX TIMES. HE MAINTAINED THAT THIS MACHINE HAD NO STRATEGIC IMPORTANCE. IT WAS OBSOLESCENT AND HENCE COULD ONLY BE EXPORTED TO THE EAST, AND NOT TO ADVANCED WESTERN COUNTRIES. THE US AUTHORITIES WERE TAKING GOOD CARE OF THEIR OWN MANUFACTURERS, HE CLAIMED. IN AN UNFORTUNATE COMPARISON (WHICH HOWEVER DID NOT MATERIALLY DETRACT FROM THE FORCE OF HIS STATEMENT) HE DREW ATTENTION TO APPROVAL OF UNIVAC COMPUTER IN COCOM DOC. (75) 749 (AEROFLOT CASE), WHICH HE SAID HAD 10 TIMES THE CAPACITY OF THE COMPUTER CONTROL IN THIS CASE. HE ALSO SAID IMBG GENTRI-MILLS (SIC) MILLING MACHINE MANUFACTURED IN GERMANY UNDER LICENSE FROM INGERSOLL CORP., WITH SAME N/C AS IN PRESENT CASE, WAS BEING EXPORTED TO ROMANIA WITH COCOM APPROVAL, BUT HE COULD NOT SUPPLY DOCUMENTARY REFERENCE. HE ADDED OFF-RECORD THAT BELGIAN SUPPLIER FIRM PEGARD REPORTED IT HAD STIFF COMPETITION FOR THIS ORDER FROM THREE U.S. FIRMS: GIDDINGS & LEWIS, CINCINNATI, AND KEARN & TREKER (SIC.). HE SAID US AUTHORITIES COULD EXPECT TO RECEIVE ALTERNATIVE APPLICATIONS FROM THOSE FIRMS.

2. BELGIAN THEN ANNOUNCED HIS AUTHORITIES HAD INSTRUCTED HIM TO REFUSE ANY FURTHER TIME EXTENSION. HE RECOUNTED CRITICAL CIRCUMSTANCES SET FORTH IN PARAGRAPH 2, REF B, AND ADDED THAT BELGIAN PUBLIC OPINION WOULD NOT UNDERSTAND IT IF HUNDREDS OF WORKERS WERE LAID OFF OWING TO LOSS OF THE ORDER RESULTING FROM PROTRACTED DELAY ON THIS CASE. HE HAD BEEN INSTRUCTED, THEREFORE, TO "INVOKE THE PROCEDURE" IN COCOM DOC. REG (73)3, PARAGRAPH (1)(D), WITHDRAW THE CASE, AND ANNOUNCE THAT HIS AUTHORITIES WOULD LICENSE THE EXPORT DESPITE THE COMMITTEE'S FAILURE TO APPROVE IT.

3. OTHER DELS (UK, FRENCH, GERMAN AND ITALIAN) EXPRESSED CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OECD P 15807 01 OF 02 181944Z

STRONG SYMPATHY WITH BELGIAN ACTION AND RESERVED THEIR RIGHT TO ADD FURTHER COMMENTS LATER.

4. BEFORE MEETING, BELGIAN HAD INFORMALLY TOLD USDEL A COMPLICATING FACTOR HAD BEEN LOSS OF FRENCH ORDERS BY PEGARD DUE TO BELGIAN CHOICE OF YF-16 OVER MIRAGE, AND DUE ALSO TO CANCELLATION OF FRENCH OGYERS FOR 250 SPECIAL COMPRESS0RS (AT $25,000 EACH) FOR FRENCH NUCLEAR RE-

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

ACTORS. LOSS OF THESE ORDERS HAD BECOME KNOWN ONLY RECENTLY, AND HAD MADE MORE ACUTE PEGARD'S FINANCIAL CRISIS. PEGARD, HE ADDED, IS LOCATED IN FRENCH-SPEAKING

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 OECD P 15807 02 OF 02 181945Z

66
ACTION EB-07

INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 TRSE-00 EUR-12

ERDA-05 ISO-00 MC-02 PRS-01 SS-15 NSC-05 ACDA-05 /053 W
---------- 086544
R 181923Z JUN 75
FM USMISSION OECD PARIS
TO SECSTATE WASH DC 7590
INFO AMEMBASSY BRUSSELS

C O N F I D E N T I A L SECTION 02 OF 02 OECD PARIS 15807

EXCON

AREA OF BELGIUM. FOR OBVIOUS REASONS HE COULD NOT PUT THIS INFORMATION ON COCOM RECORD.

5. IN REPLY, USDEL SAID HE COULD NOT ACCEPT, AND MUST REJECT,APPARENT IMPLICATION THAT US AUTHORITIES WERE PUTTING INTERESTS OF US MANUFACTURERS AHEAD OF THOSE OF OTHER MEMBERS IN THEIR TREATMENT OF COCOM CASES, OR THAT THEY HAD DELAYED ACTION ON THE BELGIAN CASE TO ALLOW US FIRMS TO BID ON SAME CASE. HE INSISTED CASE WAS BEING CONSIDERED ON ITS OWN MERITS AND THAT IF ALTERNATE US REQUESTS HAD BEEN IN THE OFFING, HE WOULD HAVE HEARD ABOUT THEM BY NOW. (BELGIAN DEL LATER DENIED THAT HE HAD INTENDED SUCH IMPLICATION.) AS FOR COMPARISON WITH AEROFLOT CASE, USDEL SAID COMPUTER THERE WAS INTENDED FOR ENTIRELY DIFFERENT END-USE AND THE TWO CASES WERE NOT COMPARABLE. ON PROCEDURAL ASPECT, USDEL POINTED OUT THAT ALL PC'S HAVE SOVEREIGN RIGHT TO LICENSE AN EXPORT WITH OR WITHOUT COCOM APPROVAL. PARAGRAPH (1)(D) HAD NOT BEEN DRAFTED IN ORDER TO ENABLE MEMBER COUNTRIES TO EXERCISE A RIGHT THEY ALREADY POS-

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

SESSED. WHAT IT DID WAS TO INTRODUCE AN EXTRAORDINARY FACTOR WHICH THE SUBMITTING DEL COULD CALL UPON THE COMMITTEE TO CONSIDER IN CERTAIN CASES, BOUND TO BE RATHER RARE, AND WHICH OVERRODE SECURITY CONSIDERATIONS THAT MIGHT OTHERWISE LEAD A MEMBER TO CONSIDER ENTERING AN CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OECD P 15807 02 OF 02 181945Z

OBJECTION. IT WOULD HAVE BEEN INCUMBENT ON US AUTHORITIES TO CONSIDER THIS FACTOR IF BELGIUM HAD REQUESTED IT, INSTEAD OF WITHDRAWING THE CASE.

6. LONG DEBATE ENSUED, DURING WHICH IT BECAME APPARENT THAT THERE WAS LITTLE UNITY OF VIEW ON THE PURPOSE AND FUNCTION OF PARAGRAPH (1)(D). GERMAN DEL RECALLED FRENCH CASE IN COCOM DOC.(NUMBER TO BE SUPPLIED) WHICH WAS WITHDRAWN WITH APPEAL TO PARAGRAPH (1)(D). ON PERSONAL BASIS, ITALIAN DEL SUGGESTED THAT MATTER BE DISCUSSED AT A REGULAR COCOM MEETING, SINCE HE THOUGHT CONTINUING ECONOMIC RECESSION MIGHT LEAD OTHER DELS TO INVOKE (1)(D). ON NETHERLANDS MOTION CHAIRMAN MADE A TOUR OF THE TABLE. SEVERAL DELS FAVORED A FORMAL DISCUSSION AND EVEN SUGGESTED THE POSSIBILITY OF AMENDING THE PROCEDURE IN SOME UNSPECIFIED WAY TO DEFINE CIRCUMSTANCES UNDER WHICH (1)(D) COULD BE INVOKED. USDEL REITERATED VIEWS PUT FORWARD IN PARAGRAPH 5 ABOVE, AND CHAIRMAN AND GERMAN DEL ASSOCIATED THEMSELVES WITH THOSE VIEWS. USDEL SAID THAT IF HIS INTERPRETATION WAS CORRECT, HE DOUBTED WHETHER THERE WAS REALLY ANYTHING TO DISCUSS AND COULD SEE LITTLE GOOD IN HAVING MATTER SCHEDULED FOR FORMAL DEBATE. IT WAS FINALLY AGREED, HOWEVER, THAT DELS WOULD SEEK THEIR AUTHORITIES' VIEWS ON THE FOLLOWING QUESTIONS, FORMULATED BY CHAIRMAN.

A) DO ALL PC'S HAVE SAME INTERPRETATION OF (1)(D)--I.E., AS MERELY FACTOR FOR CONSIDERATION, OR AS BASIS FOR WITHDRAWAL OF CASE AND LICENSING IT DESPITE LACK OF COCOM APPROVAL;

B) DO DELS WISH TO AMEND (1)(D)?

7. USDEL COMMENTS: BELGIAN WITHDRAWAL OF THIS CASE, AND BELGIUM'S ANNOUNCED INTENTION TO LICENSE THE EXPORT, REQUIRE AT LEAST A STATEMENT FROM THE US ON REASONS FOR ITS DISREGARD OF THE SPIRIT OF COCOM RULES IN THE FACE OF REPEATED APPEALS FOR VIEWS OR QUESTIONS. US AUTHORITIES WILL RECOGNIZE THAT OUR INACTION HAS DIRECTLY PRECIPITATED ACTION VERY RARELY TAKEN BY MEMBER COUNTRIES. IT HAS ALSO BROUGHT ABOUT A PROCEDURAL DEBATE WHICH MAY HAVE UNSETTLING CONSEQUENCES FOR THE FUTURE AND WHICH COULD HAVE BEEN AVOIDED HAD WE BEEN ABLE TO GIVE A POSITION CONFIDENTIAL

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

WITHIN A REASONABLE TIME.

8. ON THE PROCEDURAL QUESTION OF PARAGRAPH (1)(D), OUR VIEW REMAINS AS STATED IN COMMITTEE AND IN PARAGRAPH 5 ABOVE: THAT IT WAS INTENDED ONLY AS A FACTOR FOR CONSIDERATION AND NOT AS AN ESCAPE CLAUSE OR SIMILAR PROCEDURAL DEVICE. MOVE TO AMEND PROCEDURE IN SOME WAY SO AS TO LINK (1)(D) TO RIGHT OF WITHDRAWAL AND LICENSING WITHOUT COMMITTEE APPROVAL IS UNNECESSARY AND ITS CONSEQUENCES ARE UNFORESEEABLE.

9. ACTION REQUESTED: (A) STATEMENT EXPLAINING US INACTION ON BELGIAN CASE AND COMMENT, IF ANY IS POSSIBLE, ON BELGIAN INTENT TO LICENSE IT;
(B) US VIEWS ON RECOURSE TO PARAGRAPH (1)(D) AND DESIRABILITY OF DEBATE ON THE QUESTION.
TURNER

CONFIDENTIAL

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STRATEGIC TRADE CONTROLS, EXCEPTIONS LIST, IL 1091
Control Number: n/a
Copy: SINGLE
Draft Date: 18 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OECDP15807
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Film Number: D750213-0357
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750638/aaaabirw.tel
Line Count: 244
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 COCOM DO(7797
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by ElyME>; APPROVED <20 JUN 2003 by GarlanWA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BELGIAN N/C JIG BORING AND MILLING MACHINE TO ROMANIA - IL 1091
TAGS: ESTC, EEWT, ETRD, BE, RO, COCOM
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006